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COMCO MANAGEMENT CORPORATION;  
7 CONCORD FUNDING CO., LLC; METCO  
MANAGEMENT CORPORATION; MONEX  
8 CREDIT CO.; MONEX DEPOSIT CO.;  
NEWPORT SERVICE CORP.

9 UNITED STATES DISTRICT COURT  
10 CENTRAL DISTRICT OF CALIFORNIA  
11 SOUTHERN DIVISION  
12

13 UNITED STATES OF AMERICA,

14 Plaintiff,

15 vs.

16 COMCO MANAGEMENT  
CORPORATION; CONCORD  
17 FUNDING CO., LLC; METCO  
MANAGEMENT CORPORATION;  
18 MONEX CREDIT CO.; MONEX  
DEPOSIT CO.; NEWPORT  
19 SERVICE CORP.; and PCCE, Inc.,

20 Defendants.  
21  
22

Case No. SACV08-00668 JVS (MLGx)

**ANSWER AND AFFIRMATIVE  
DEFENSES OF COMCO  
MANAGEMENT CORPORATION,  
CONCORD FUNDING CO., LLC,  
METCO MANAGEMENT  
CORPORATION, MONEX CREDIT  
CO., MONEX DEPOSIT CO. AND  
NEWPORT SERVICE CORP.**

TRIAL DATE: July 26, 2011

23 Defendants Comco Management Corporation, Concord Funding Company,  
24 Metco Management Corporation, Monex Credit Company, Monex Deposit  
25 Company and Newport Service Corporation (hereinafter "Answering Defendants"),  
26 for their answers to Plaintiff's Claims, state as follows:  
27  
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1           1.     Responding to paragraph 1 of the complaint, Answering Defendants  
2 admit that the complaint appears to be as described, but are without knowledge or  
3 information sufficient to form a belief as to the truth of the remaining allegations  
4 contained in paragraph 1 of the complaint, and therefore deny them.

5           2.     Answering Defendants are without knowledge or information  
6 sufficient to form a belief as to the truth of the allegations contained in paragraph 2  
7 of the complaint, and therefore deny them.

8           3.     Answering Defendants admit the allegations of paragraph 3 of the  
9 complaint.

10          4.     Answering Defendants admit the allegations of paragraph 4 of the  
11 complaint.

12          5.     Answering Defendants deny the allegations of paragraph 5 of the  
13 complaint.

14          6.     Answering Defendants admit the allegations of paragraph 6 of the  
15 complaint.

16          7.     Answering Defendants admit the allegations of paragraph 7 of the  
17 complaint.

18          8.     Answering Defendants are without knowledge or information  
19 sufficient to form a belief as to the truth of the allegations contained in paragraph 8  
20 of the complaint, and therefore deny them.

21          9.     Answering Defendants admit the allegations of paragraph 9 of the  
22 complaint.

23          10.    Answering Defendants are without knowledge or information  
24 sufficient to form a belief as to the truth of the allegations contained in paragraph  
25 10 of the complaint, and therefore deny them.

26          11.    Answering Defendants admit the allegations of paragraph 11 of the  
27 complaint.  
28

12. Answering Defendants are without knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 12 of the complaint, and therefore deny them.

13. Responding to paragraph 13 of the complaint, the Answering Defendants deny there is a “Monex Enterprise.” Answering Defendants are without knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 13 of the complaint, and therefore deny them.

14. Responding to paragraph 14 of the complaint, Answering Defendants deny the complaint’s characterization of them as “New Monex Entities.” Answering Defendants are without knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 14 of the complaint, and therefore deny them.

15. Responding to paragraph 15 of the complaint Answering Defendants deny that the named individuals may be characterized as “Principals of the Monex Enterprise.” Answering Defendants admit that Michael Carabini is a Principal of some or all of the Answering Defendants. Answering Defendants are without knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 15 of the complaint, and therefore deny them.

## COUNT I

### Claim to reduce federal tax assessments to judgment

Because neither Count I nor paragraphs 16-24 of the complaint seek relief against Answering Defendants, no answer to Count I by Answering Defendants is necessary. To the extent that any of the allegations are deemed to be against Answering Defendants, Answering Defendants deny the same.

**COUNT II**  
**Claim to impose alter-ego / single-enterprise liability**

***General allegations***

25. Answering Defendants incorporate by reference each and all of their Answers and Responses to the allegations contained in Paragraphs 1-24 of the Complaint, as if set forth fully herein.

26. Answering Defendants deny the allegations contained in paragraph 26 of the complaint.

27. Responding to paragraph 27 of the complaint, Answering Defendants deny that Louis Carabini owns or controls the Answering Defendants. The Answering Defendants are without knowledge or information sufficient to form a belief as to the remaining allegations of paragraph 27 of the complaint, and therefore deny them.

28. Answering Defendants deny the allegations contained in paragraph 28 of the complaint, and all subparts therein.

29. Answering Defendants deny the allegations contained in paragraph 29 of the complaint.

30. The Answering Defendants are without knowledge or information sufficient to form a belief as to the allegations of paragraph 30 of the complaint, and therefore deny them.

31. Answering Defendants are without knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 31 of the complaint, and therefore deny them.

32. Answering Defendants neither answer nor deny this allegation, but refer to the decision itself.

33. Answering Defendants neither answer nor deny this allegation as it asserts a legal opinion, but refer to the decision itself.

1           34. Answering Defendants are without knowledge or information  
2 sufficient to form a belief as to the truth of the allegations contained in paragraph  
3 34 of the complaint, and therefore deny them.

4           35. Answering Defendants are without knowledge or information  
5 sufficient to form a belief as to the truth of the allegations contained in paragraph  
6 35 of the complaint, and therefore deny them.

7           36. Answering Defendants are without knowledge or information  
8 sufficient to form a belief as to the truth of the allegations contained in paragraph  
9 36 of the complaint, and therefore deny them.

10          37. Answering Defendants are without knowledge or information  
11 sufficient to form a belief as to the truth of the allegations contained in paragraph  
12 37 of the complaint, and therefore deny them.

13          38. Answering Defendants are without knowledge or information  
14 sufficient to form a belief as to the truth of the allegations contained in paragraph  
15 38 of the complaint, and therefore deny them.

16          39. Answering Defendants are without knowledge or information  
17 sufficient to form a belief as to the truth of the allegations contained in paragraph  
18 39 of the complaint, and therefore deny them.

19          40. Answering Defendants are without knowledge or information  
20 sufficient to form a belief as to the truth of the allegations contained in paragraph  
21 40 of the complaint, and therefore deny them.

22          41. Answering Defendants are without knowledge or information  
23 sufficient to form a belief as to the truth of the allegations contained in paragraph  
24 41 of the complaint, and therefore deny them.

25          42. Answering Defendants are without knowledge or information  
26 sufficient to form a belief as to the truth of the allegations contained in paragraph  
27 42 of the complaint, and therefore deny them.

28

1           43.    Answering Defendants are without knowledge or information  
2 sufficient to form a belief as to the truth of the allegations contained in paragraph  
3 43 of the complaint, and therefore deny them.

4           44.    Answering Defendants are without knowledge or information  
5 sufficient to form a belief as to the truth of the allegations contained in paragraph  
6 44 of the complaint, and therefore deny them.

7           45.    Answering Defendants are without knowledge or information  
8 sufficient to form a belief as to the truth of the allegations contained in paragraph  
9 45 of the complaint, and therefore deny them.

10          46.    Responding to paragraph 46 of the complaint, the Answering  
11 Defendants deny there is a “Monex Enterprise.” Answering Defendants admit that  
12 Monex Deposit Company is engaged in the retail sale of precious metals to the  
13 general public and Monex Credit Company provides financing related to such sales.  
14 Answering Defendants further admit that Monex Deposit Company makes money  
15 through commissions, Monex Credit Company makes money through service  
16 charges and interest and Concord Funding Company makes money through interest.  
17 Answering Defendants are without knowledge or information sufficient to form a  
18 belief as to the truth of the remaining allegations contained in paragraph 46 of the  
19 complaint, and therefore deny them.

20          47.    Responding to paragraph 47 of the complaint, the Answering  
21 Defendants deny there is a “Monex Enterprise.” The Answering Defendants deny  
22 the remaining allegations contained in paragraph 47 of the complaint.

23          48.    The Answering Defendants admit that Monex Deposit Company and  
24 Monex Credit Company are California Limited Partnerships formed in 1987. The  
25 Answering Defendants deny all remaining allegations contained in paragraph 48 of  
26 the complaint.

27          49.    The Answering Defendants admit the allegations of paragraph 49 of  
28 the complaint.

1           50.    The Answering Defendants admit the allegations of paragraph 50 of  
2 the complaint.

3           51.    Responding to paragraph 51 of the complaint, the Answering  
4 Defendants admit that Newport Service Corporation provides the Answering  
5 Defendants with some administrative, data processing, personnel, accounting, legal,  
6 purchasing or other operational services. The Answering Defendants deny all  
7 remaining allegations contained in paragraph 51 of the complaint.

8           52.    The Answering Defendants deny the allegations contained in  
9 paragraph 52 of the complaint.

10          53.    Responding to paragraph 53 of the complaint, the Answering  
11 Defendants deny there is a “Monex Enterprise.” Furthermore, Answering  
12 Defendants are without knowledge or information sufficient to form a belief as to  
13 the truth of the allegations contained in paragraph 53 of the complaint due to  
14 incomprehensibility of the phrase “integrally tied”, and therefore deny them.

15          54.    The Answering Defendants admit the allegations of paragraph 54 of  
16 the complaint.

17          55.    The Answering Defendants admit the allegations of paragraph 55 of  
18 the complaint.

19          56.    Responding to paragraph 56 of the complaint, the Answering  
20 Defendants deny that Louis Carabini owns or controls Answering Defendants.  
21 Answering Defendants are without knowledge or information sufficient to form a  
22 belief as to the remaining allegations of paragraph 56 of the complaint, and  
23 therefore deny them.

24          57.    Responding to paragraph 57 of the complaint, the Answering  
25 Defendants admit that some employees formerly with Monex International were  
26 later employed by Newport Service Corporation. Answering Defendants are  
27 without knowledge or information sufficient to form a belief as to the remaining  
28 allegations of paragraph 57 of the complaint, and therefore deny them.



1           58. Answering Defendants are without knowledge or information  
2 sufficient to form a belief as to the allegations of paragraph 58 of the complaint,  
3 and therefore deny them.

4           59. Responding to paragraph 59 of the complaint, Answering Defendants  
5 are without knowledge or information sufficient to form a belief as to the  
6 allegations of paragraph 59 of the complaint, and therefore deny them.

7           60. Responding to paragraph 60 of the complaint, the Answering  
8 Defendants deny there is a "Monex Enterprise." The Answering Defendants admit  
9 that they use the referenced phone numbers. Answering Defendants deny the  
10 remaining allegations of paragraph 60 of the complaint.

11           61. Responding to paragraph 61 of the complaint, the Answering  
12 Defendants deny there is a "Monex Enterprise." The Answering Defendants admit  
13 that Monex Deposit Company, Monex Credit Company and Newport Service  
14 Corporation use office space at the referenced address. Answering Defendants  
15 deny the remaining allegations of paragraph 61 of the complaint.

16           62. Responding to paragraph 62 of the complaint, the Answering  
17 Defendants deny there is a "Monex Enterprise." The Answering Defendants deny  
18 the remaining allegations contained in paragraph 62 of the complaint.

19           63. Responding to paragraph 63 of the complaint, the Answering  
20 Defendants deny there is a "Monex Enterprise." The Answering Defendants deny  
21 the remaining allegations contained in paragraph 63 of the complaint.

22           64. Answering Defendants are without knowledge or information  
23 sufficient to form a belief as to the truth of the allegations contained in paragraph  
24 64 of the complaint and therefore deny them.

25           65. Responding to paragraph 65 of the complaint, the Answering  
26 Defendants deny there is a "Monex Enterprise." The Answering Defendants admit  
27 that Monex Deposit Company and Monex Credit Company purchased the right to  
28 use the "Monex" name. Answering Defendants are without knowledge or



1 information sufficient to form a belief as to the truth of the remaining allegations  
2 contained in paragraph 65 of the complaint and therefore deny them.

3 66. Answering Defendants are without knowledge or information  
4 sufficient to form a belief as to the truth of the allegations contained in paragraph  
5 66 of the complaint and therefore deny them.

6 67. Answering Defendants are without knowledge or information  
7 sufficient to form a belief as to the truth of the allegations contained in paragraph  
8 67 of the complaint and therefore deny them.

9 68. Answering Defendants are without knowledge or information  
10 sufficient to form a belief as to the truth of the allegations contained in paragraph  
11 68 of the complaint and therefore deny them.

12 69. Answering Defendants are without knowledge or information  
13 sufficient to form a belief as to the truth of the allegations contained in paragraph  
14 69 of the complaint and therefore deny them.

15 70. Answering Defendants are without knowledge or information  
16 sufficient to form a belief as to the truth of the allegations contained in paragraph  
17 70 of the complaint and therefore deny them.

18 71. The Answering Defendants deny the allegations contained in  
19 paragraph 71 of the complaint.

20  
21 **COUNT III**  
22 **Claim to impose successor-in-interest liability**

23 72. Answering Defendants incorporate by reference each and all of their  
24 Answers and Responses to the allegations contained in Paragraphs 1-71 of the  
25 Complaint, as if set forth fully herein.

26 73. The Answering Defendants deny the allegations contained in  
27 paragraph 73 of the complaint.

1           74. The Answering Defendants deny the allegations contained in  
2 paragraph 74 of the complaint.

3           75. Responding to paragraph 75 of the complaint, the Answering  
4 Defendants deny there is a "Monex Enterprise." Answering Defendants are  
5 without knowledge or information sufficient to form a belief as to the truth of the  
6 allegations contained in paragraph 75 of the complaint, and therefore deny them.

7           76. The Answering Defendants deny the allegations contained in  
8 paragraph 76 of the complaint.

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11                                   **COUNT IV**  
12                                   **Claim to impose fraudulent-conveyee liability**

13           77. Answering Defendants incorporate by reference each and all of their  
14 Answers and Responses to the allegations contained in Paragraphs 1-76 of the  
15 Complaint, as if set forth fully herein.

16           78. The Answering Defendants deny the allegations contained in  
17 paragraph 78 of the complaint.

18           79. The Answering Defendants deny the allegations contained in  
19 paragraph 79 of the complaint.

20           80. The Answering Defendants deny the allegations contained in  
21 paragraph 80 of the complaint.

22           81. The Answering Defendants deny the allegations contained in  
23 paragraph 81 of the complaint.

24           82. The Answering Defendants deny the allegations contained in  
25 paragraph 82 of the complaint.

1           WHEREFORE, Answering Defendants deny all allegations of liability, deny  
2           that the Plaintiff is entitled to a judgment of any sum whatsoever, and pray for a  
3           judgment in their favor and against the Plaintiff.

4  
5           **AFFIRMATIVE DEFENSES OF ANSWERING DEFENDANTS**

6           Answering Defendants raise the following as affirmative defenses, but in so  
7           doing do not concede that they bear the burden of proof on any of these defenses:

8                   **FIRST AFFIRMATIVE DEFENSE**

9           The Plaintiff's claims are barred in whole or in part by estoppel.

10                   **SECOND AFFIRMATIVE DEFENSE**

11           The Plaintiff's claims are barred in whole or in part by waiver.

12                   **THIRD AFFIRMATIVE DEFENSE**

13           The Plaintiff's claims are barred for failure to state a claim upon which relief  
14           can be granted.

15                   **FOURTH AFFIRMATIVE DEFENSE**

16           The Plaintiff's claims are barred in whole or in part by unclean hands.

17                   **FIFTH AFFIRMATIVE DEFENSE**

18           The Plaintiff's claims are barred in whole or in part by the doctrine of laches.

19                   **SIXTH AFFIRMATIVE DEFENSE**

20           The Plaintiff's claims are barred in whole or in part by the doctrine of accord  
21           and satisfaction.

22                   **SEVENTH AFFIRMATIVE DEFENSE**

23           The Plaintiff's claims are barred in whole or in part by payment.

24                   **EIGHTH AFFIRMATIVE DEFENSE**

25           Subject to Answering Defendants' further review of the IRS' internal  
26           assessment documents and a determination of whether such documents are self-  
27           authenticating, Answering Defendants reserve their right to argue that the Plaintiff's  
28

1 claims are barred in whole or in part due to Plaintiff's failure to file within the  
2 applicable statute of limitations.

3 Answering Defendants reserve the right to amend this answer to include  
4 additional affirmative defenses as further discovery may suggest.

5  
6 Dated: November 25, 2009

FARELLA BRAUN + MARTEL, LLP

7  
8 By: /s/ Neil A. Goteiner  
Neil A. Goteiner

9 Attorneys for Defendants  
10 COMCO MANAGEMENT  
CORPORATION; CONCORD FUNDING  
11 CO., LLC; METCO MANAGEMENT  
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